



2019 Tax Time Tactics & Tips

Tax time is here again and the April 15th deadline for filing tax returns is approaching quickly. Here are some strategies to consider and reminders for the upcoming tax season.

You May Still Be Able to Lower Your 2018 Tax Liability

Even though 2018 has ended, there are still steps you may be able to take to lower your 2018 tax liability. The deadline for making IRA and HSA contributions for the 2018 tax year is April 15, 2019. These accounts are a potential option to get a last-minute tax deduction. Keep in mind that the 2018 contribution limits still apply and the deductibility of IRA contributions is subject to other factors.

Your Tax Payment is Due by April 15 (Even If You File An Extension) A considerable number of taxpayers put their tax returns on extension for additional time to file their returns. It is a common misconception that this also extends the due date for tax that needs to be paid, which is not the case. Your tax liability should be paid by April 15 regardless of extension. Also, if you are making estimated tax payments during the year, your first quarter estimated payment is due by April 15.

If You Turned 70½ in 2018, You Need to Take Your RMD If you turned 70½ last year and didn't remember to take your required minimum distribution (RMD), don't worry. During your first year for RMDs, you have until April 1 of the following year (April 1, 2019) to take your required minimum distribution. It would be wise to process the distribution well before that deadline, as within most retirement accounts the funds need to first be converted to cash which adds additional processing time.

If You Have Dependents, You May Now Qualify for a Tax Credit

If you have children or other dependents, there is a chance you qualify for a tax credit. Under the new tax law, the Child Tax Credit phase-outs now do not kick in until much higher income levels than previous years, which makes it available to more taxpayers (e.g. if married and filing jointly, the credit phase-out doesn't begin until \$400,000 modified adjusted gross income). The credit has also been increased to \$2,000 per qualifying child under the age of 17 and expanded to include a \$500 credit for other dependents.

Communicate with Your Tax Professional If you are working with a tax preparer, communicate as much as possible to make sure nothing is missed. There are several transactions that one might assume their tax preparer can tell from the tax forms received; however, situations can get reported incorrectly if your tax preparer is not aware. Common misreported transactions are Qualified Charitable Distributions (QCDs) and Roth IRA Conversions; the tax form received (1099-R) will note these as normal retirement distributions and your preparer can record it incorrectly if they are not informed. Getting your files in order now can mean fewer headaches later on – for both you and your tax preparer!

This is intended for informational purposes only and should not be construed as investment, tax or financial advice. Please consult with your investment, tax, and financial professionals regarding your specific situation.